

To the Members of the California State Senate:

I am returning Senate Bill 813 without my signature.

I support trying to create stability in the housing market and I realize that the downturn in the real estate market makes it difficult for self-help housing projects to be economically feasible. However, I do not believe that California offering unsecured second mortgages for projects is the appropriate way to solve this problem. The instability in the housing market makes the repayment of these unsecured second mortgages risky. To the extent state funds are lost due to foreclosures or sales before housing values increase, these funds will not be available to fund future self-help housing projects.

For this reason, I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger